

# SENATE BILL REPORT

## SB 6399

---

---

As Reported By Senate Committee On:  
Labor, Commerce, Research & Development, January 26, 2006

**Title:** An act relating to improving unemployment insurance collection and penalty tools.

**Brief Description:** Improving unemployment insurance collection and penalty tools.

**Sponsors:** Senators Kohl-Welles, Parlette, Franklin, Keiser and Kline; by request of Employment Security Department.

**Brief History:**

**Committee Activity:** Labor, Commerce, Research & Development: 1/23/06, 1/26/06 [DPS].

---

### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 6399 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Parlette, Ranking Minority Member; Brown, Hewitt, Honeyford, Keiser and Prentice.

**Staff:** Jennifer Strus (786-7316)

**Background:** If an employer fails to timely and completely file with the Employment Security Department (ESD) a report on the remuneration paid to workers, the names of those workers, and the hours they worked, the employer is subject to a penalty to be determined by the Commissioner of ESD but not to exceed \$250 or 10 percent of the quarterly contributions for each offense, whichever is less.

**Summary of Substitute Bill:** An employer who fails to file a timely report with ESD on the remuneration paid to workers, the names of those workers, and the hours they worked is subject to a penalty of \$25 per violation unless the penalty is waived by ESD.

An employer who files an incomplete or incorrectly formatted tax and wage report must receive a warning letter for the first occurrence. For subsequent occurrences, the employer is subject to the following penalties: (1) when no contributions are due, for the second occurrence, the penalty is \$75; for the third occurrence, the penalty is \$150 and for the fourth occurrence and all occurrences thereafter, the penalty is \$250; (2) When contributions are due, for the second occurrence, the penalty is 10 percent of the of the quarterly contributions due, but not less than \$75 nor more than \$250; for the third occurrence the penalty is 10 percent of the quarterly contributions but not less than \$150 nor more than \$250; and for the fourth occurrence and each occurrence thereafter, the penalty is \$250.

**Substitute Bill Compared to Original Bill:** When contributions are due, a cap of \$250 on the penalties for the second and third occurrences is added.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill contains technical changes to a bill passed three years ago. The department has encountered some inequities in that three year period which this bill attempts to address.

**Testimony Against:** None.

**Testimony Other:** The federal government requires businesses to check social security numbers (SSN) of people it employs. If it is given an incorrect SSN, it must fill out federal forms with another code. ESD dings businesses that do this even though they are complying with federal law in doing so. It suggests amendatory language to address this problem.

**Who Testified:** PRO: Karen Lee, Commissioner, Employment Security Department; Annette Copeland, ESD.

OTHER: Dan Fazio, Farm Bureau.